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Unutilized balances of appropriations:

Programme for Change and Organizational Renewal

(change management initiative) and technical cooperation
activities

Unutilized balances of appropriations: Programme for Change and Organizational Renewal

Report by the Director-General

Addendum

The purpose of the present document is to provide an update on the status of unutilized balances of appropriations: Programme for Change and Organizational Renewal (PCOR), covering developments since the issuance of document IDB.38/9 dated 9 July 2010, and IDB.38/9/Add.1 dated 17 September 2010. The document also includes information on the various cost elements of the enterprise resource planning (ERP) system for the Organization in compliance with decision GC.13/Dec.15 (d).

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I. Introduction

1. The report included in document IDB.38/9 provided background information on the Programme for Change and Organizational Renewal (PCOR), its context, major developments, activities and milestones for 2010. The same report also highlighted that issues relating to results-based management (RBM), risk management and knowledge management/sharing (KM) are an integral part of the enterprise resource planning (ERP) system implementation. Document IDB.38/9/Add.1 dated 17 September 2010, provided information on the procurement process, as called for by the UNIDO Financial Regulations, rules and procurement manual, for the engagement of an implementation partner and acquisition of an ERP system.

2. The present addendum summarizes the actions taken during the period July to October 2010 to implement General Conference decision GC.13/Dec.15, and also provides information on the various cost elements of the ERP system.

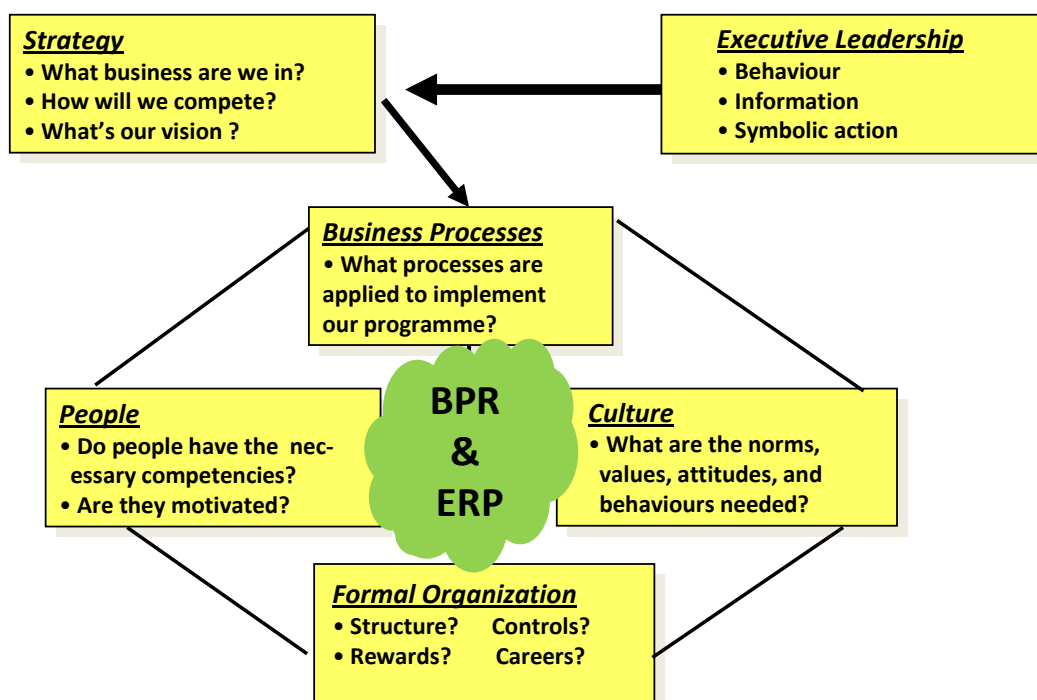
II. Business process reengineering (BPR)

Scope of BPR

3. Under this activity, business processes were reviewed and analysed for core functional areas (technical cooperation activities, procurement, financial services and human resource management) with the objective of analysing and redesigning the Organization's business processes to achieve the desired quantum leap in performance, quality, efficiency and effectiveness. The high- to medium-level BPR also provided inputs to the request for proposal (RfP) for the selection of an ERP system and implementation partner.

4. The BPR exercise was concluded in late August 2010. It encompassed all aspects relating to a comprehensive change recommended by the "Leading Change and Organizational Renewal (LCOR)" congruence model developed by Harvard and Stanford Business Schools. This model was adopted at a workshop for senior management in January 2010 and also presented to Member States early this year. The following figure illustrates the linkage of BPR with the LCOR congruence model:

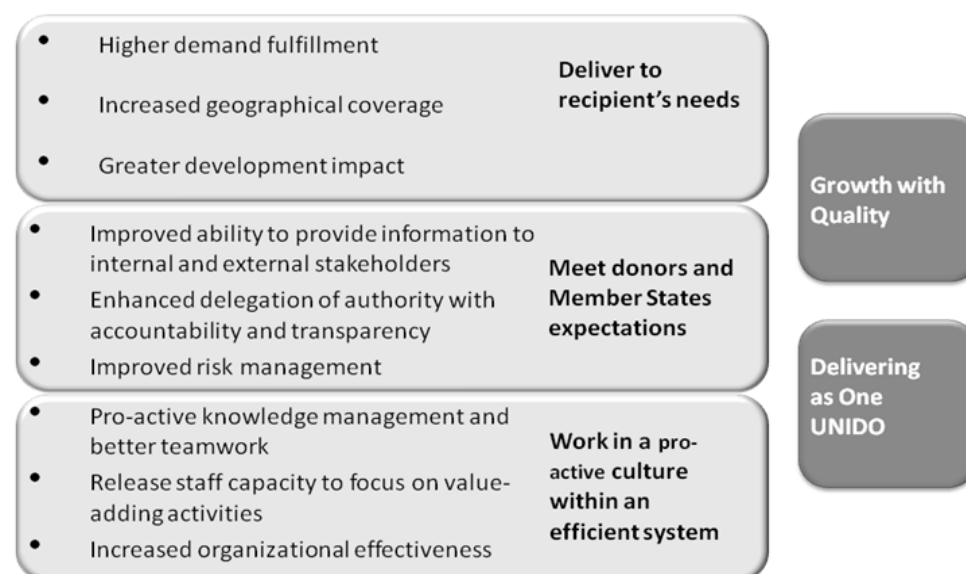
Figure 1
LCOR model showing linkage to the BPR exercise and ERP implementation



Linkage to the mission statement

5. Several workshops, facilitated by experts from Cranfield Business School, United Kingdom, have been held, in which around 100 staff members (Directors, Professional and support staff), including 26 staff from the field participated. A two-day high-level workshop with senior management was followed by one-day workshops for each stage of the project cycle, as well as several sessions to fine-tune the outcome. Staff members from the field participated through questionnaires and teleconferences. These workshop participants elaborated and agreed on new high-to-medium level business processes for UNIDO, as well as on nine PCOR benefits linked to the objectives outlined in the UNIDO mission statement, under the principles of Growth with Quality and Delivering as One UNIDO. The following diagram illustrates the linkage between the benefits and the mission statement:

Figure 2
PCOR benefits and linkage to mission statement

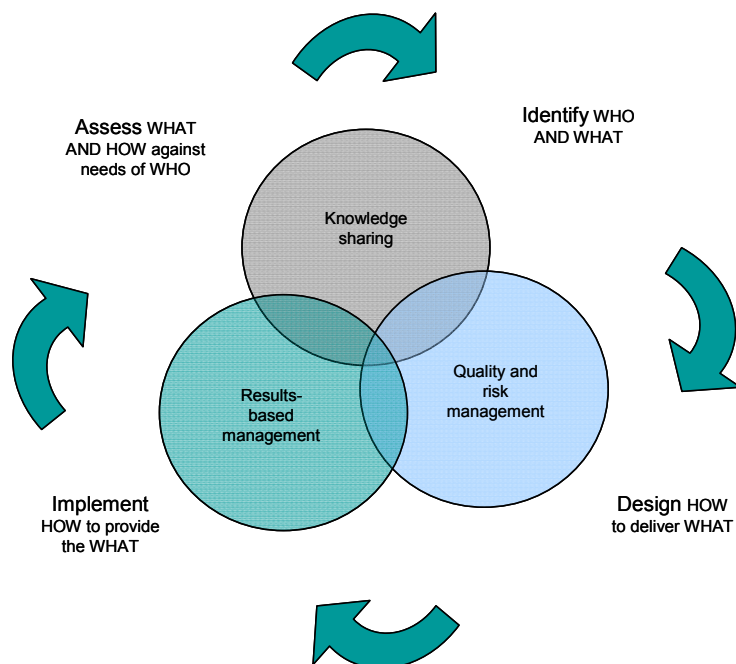


Core business processes and technical cooperation project cycle

6. A major focus of the BPR exercise was to critically analyse all major processes (identify, design, implement and assess), the building blocks of the technical cooperation project cycle, both from Headquarters and field perspectives. Knowledge sharing, RBM, quality and risk management are considered as integral elements of all stages.

7. The following diagram provides a brief description of each process of the core business and technical cooperation project cycle. "Identify who and what" refers to who the Organization works with (i.e. beneficiaries, donors), what services these stakeholders need and whether the Organization is able to deliver these services. The "Design how to deliver what" refers to how the Organization will deliver the requested services (what) to satisfy stakeholders' needs. The "Implement how to provide the what" refers to how the Organization will deliver services (what) to stakeholders. The final process "Assess what and how against needs of who" deals with the assessment of what the Organization delivers, how this is delivered against the needs of stakeholders (who).

Figure 3
Core business and TC project cycle



8. The BPR exercise developed “to-be” processes and recommendations, including information requirements, activity variations, risks, feedback from the field offices, roles and a gap analysis. The final outcome was a statement of benefits from PCOR, identified process redesign changes to deliver these benefits and a statement of high- to medium-levels of the “to-be” process model. This process redesign was a major input into the RfP for the selection of the ERP system and implementation partner. Additionally, the BPR results include, among others, a number of opportunities requiring further attention. A number of these opportunities will be realized during the blueprint phase of the ERP system implementation.

III. Enterprise resource planning (ERP) system implementation

9. The results of the BPR exercise were included in the request for proposal (RfP) document for the ERP system and implementation partner to clarify the Organization’s expectations from the new system and enable the proposers to make informed and relevant offers. The BPR results not only provided inputs to the selection of the ERP system and implementation partner, but also will form the basis for the implementation of the new system. Furthermore, a UNIDO team visited several other United Nations organizations and assessed the ERP implementations including software and implementation partners used, processes developed, and interactions between field and Headquarters. These benchmarks and best practices have clearly shown that an integrated new ERP system is required to meet the challenges faced by the Organization. Carrying out this high- to medium-level BPR exercise and visiting other United Nations organizations prior to the selection and

implementation of the ERP system should enable the Organization to implement the new system in an efficient and cost-effective manner.

10. In this connection, reference is also made to decision GC.13/Dec.15, which took note of the unique challenges faced by the Organization in terms of potential implications on future funding for technical cooperation (TC) activities, institutionalization of results-based management, effective utilization of field resources, contribution to United Nations system-wide coherence and the serious risk of breakdown of outdated systems. Donors are increasingly introducing complex and demanding new requirements, including compliance with fiduciary standards and the EU “four pillar” exercise, etc. Furthermore, the External Auditor has also emphasized, among others, the need to provide information regarding achievements against planned performance indicators and outcomes, the effective monitoring of programmes, as well as risk management, including risk mitigation.

11. In a letter to the Director-General dated 8 November 2010, the Co-Chair of the Geneva Group on behalf of Belgium, Finland, France, Germany, Italy, Japan, Mexico, Netherlands, Republic of Korea, Russian Federation, Spain, Sweden, Switzerland and United Kingdom also noted that there is no mechanism to capture the implementation and outcome of UNIDO technical cooperation projects, and urged the adoption of a more efficient reporting system.

12. An ERP system enables the Organization, among others, to address the above as well as to meet the growing need for effective information sharing with Member States, donors and beneficiaries. Such a system provides an efficient means for transferring and sharing information across many different functions of the Organization, rather than having to maintain parallel versions of that information in multiple unique systems. Additionally, the system will deliver the following benefits to UNIDO:

- (a) Fully transparent process from identification of needs to achievement of project results;
- (b) Access to one integrated platform to collect and disperse information in a real-time fashion, i.e. the whole project cycle on one ERP platform;
- (c) Shared information without duplication, seamlessly connecting operations at Headquarters and field and across business functions and units;
- (d) Knowledge retained and disseminated regardless of locations.

13. Furthermore, an ERP system enhances accountability, transparency and internal controls. It accelerates decision-making and planning capabilities by providing up-to-date and accurate reports, covering both quantitative and qualitative aspects. The ERP system also provides a global information management platform on technical cooperation activities, project results and outcomes for sharing with all stakeholders.

14. An ERP system is also expected to yield efficiency and effectiveness gains, as outlined in document GC.13/8/Add.1 (paragraph 12), which noted that in organizations such as UNIDO that are facing a potential system replacement, efficiency/effectiveness gains of up to 30 per cent are possible when business process reengineering is performed before systems are replaced and the effectiveness criteria are part of the evaluation for the selection process for the

future system. This up to 30 per cent gain would allow channelling of the capacities absorbed by current labour and paper-based processes into the technical cooperation activities.

15. The schedule for the selection of an ERP system and implementation partner was:

- (a) Issuance of request for proposal: 23 July 2010;
- (b) Request for clarifications: by 30 August 2010 at the latest;
- (c) Submission of proposal(s): 13 September 2010;
- (d) Technical presentation: starting 4 October 2010;
- (e) Award contract: November 2010;
- (f) Commencement of implementation: November/December 2010.

16. During the months of September and October, an evaluation group consisting of staff from all core functional areas (technical cooperation activities, procurement, financial services, human resource management) and information and communication management evaluated the ten offers received, using detailed evaluation criteria. Based on their recommendations, the contract for the ERP system and the implementation partner is expected to be concluded before the end of November 2010, in accordance with the financial regulations, rules and the procurement manual. Details on the procurement process were outlined in document IDB.38/9/Add.1.

IV. Other developments

Knowledge management (KM)/sharing and results-based management (RBM)

17. A considerable amount of work was carried out on KM and RBM during the BPR exercise. Furthermore, the scope of the contract with the ERP implementation partner includes KM and RBM to ensure that information is effectively captured, stored and shared, all processes and services contribute to the achievement of the desired results, and that performance is monitored and reported in a systematic manner.

Risk management

18. During the BPR exercise, risks at various stages of the project cycle have been identified. This risk catalogue will form the basis for the next steps in the risk management process, i.e. assessing, weighing and prioritizing the risks and identifying risk-mitigating measures. Risk management is an essential element of the ERP system and will be introduced in a systematic manner during its implementation.

Quick wins

19. A number of quick wins (i.e. improvements in processes and procedures that can be achieved with little or no investment) were identified early this year and are

being realized since April 2010. Out of 40 quick wins, 29 have already been realized and the remaining ones are expected to be completed soon.

20. These quick wins have not only contributed to increasing the efficiency of the Organization, but most importantly, they helped to increase the change momentum and support a culture of change. An example of such a quick win is the replacement of the paper-based process of issuing a miscellaneous obligation document (MOD) by an electronic workflow (E-MODs). This quick win resulted in an enormous reduction of printouts, a considerable increase in the efficiency of issuance of MODs, as well as a change in working culture. Another quick win, which supports decentralization, is the introduction of more suitable and simpler funds management processes for UNIDO field staff. Another example is the introduction of an electronic time recording and leave planning system (TRALS), which enables staff to have a full overview of their time recording, flex time and leave status, and is furnished with a user-friendly function for the electronic leave approval process and thus both contributing to savings in paper consumption and to increase staff management efficiencies.

Improving the working culture

21. With the objective to align the ERP implementation with a change in the UNIDO working culture, dedicated groups have looked into the issues of communicating change, norms and values, performance management for results and teamwork and knowledge management. A cultural survey was also carried out with the objective of better understanding the working culture of UNIDO with its strengths and weaknesses, so as to establish a baseline to assess progress of cultural change. Based on this preparatory work, the PCOR will continue to align all change efforts with a change in working culture in conjunction with the ERP implementation. For instance, a 360 degree performance appraisal system is currently being piloted and it is anticipated that it will be an integral part of the ERP system as of January 2012.

Communication

22. As stated in the document IDB.38/9, all developments of PCOR continue to be regularly communicated internally to managers and staff (both at Headquarters and the field) through a diverse combination of communication channels. The Member States are regularly kept informed through briefings (the latest briefing having been held on 17 November 2010) and the dedicated PCOR extranet, where all relevant PCOR documents, the RfP for the selection of the ERP system and implementation partner, as well as the PCOR Newsletters are accessible.

V. Cost elements

Internal resources/investment in change

23. A dedicated Office for Change and Organizational Renewal (OCOR) was established in March 2010 to guide, coordinate and manage the implementation of PCOR in a systematic and holistic manner. A Director, two Professionals and support staff were reassigned to this Office from other functions to take PCOR forward and work together with experts and the ERP implementation partner. When

reassigning staff, due consideration was given to the following recommendation by the External Auditor: “Since ERP is by definition a centrally led solution, it should be ensured that the key personnel responsible for the ERP implementation are in place and properly trained” (document IDB.38/3 refers). For instance, the two Professional staff members were temporarily reassigned from the Information and Communication Management Services (ICM) to OCOR. At the end of the ERP system implementation, these two staff members will return to ICM as trained experts and change agents for the new system.

24. Other staff are requested to provide inputs, as and when their expert advice and contribution is needed. This approach of using experienced internal resources gives the Organization the opportunity to benefit from internal knowledge and experience, as well as to keep costs as low as possible. Furthermore, the involvement of internal staff in PCOR ensures that internal knowledge and expertise is fully utilized, promotes commitment from staff, reduces resistance to change, and fosters knowledge-sharing and the dissemination of information. This approach also identifies talents, builds cross-organizational relationships, promotes teamwork, keeps the change momentum alive and facilitates a change in working culture.

25. It should be noted that during the implementation of PCOR, the Organization has continued to deliver more services. For instance, the technical cooperation delivery at the end of October 2010 has registered an increase of \$8.7 million as compared to the same period in 2009 (October 2010: \$129.9 million and October 2009: \$121.2 million).

External cost elements/budget

26. The total cost of the PCOR/change management initiative amounts to €13.0 million, which is based on the most suitable and sustainable technical solution, as called for by General Conference decision GC.13/Dec.15. These costs are based on the outcome of the bidding exercise carried out for the engagement of an implementation partner and acquisition of an ERP system, and take into account an integrated delivery of the entire ERP system. The cost will be considerably higher if the ERP system is implemented in a piecemeal manner, or over a longer period.

27. The cost elements and phasing of funding requirements over the implementation period 2010 to 2013, are shown in the table below:

Table 1
ERP system and related cost elements

<i>(In millions of euros)</i>	<i>2010/2011</i>	<i>2012</i>	<i>2013</i>	<i>Total</i>
A. ERP costs:				
<i>Implementation partner:</i>				
Core business (TC management) and knowledge management	1.5	0.7	0.2	2.4
Human resource management and payroll	1.1	0.9	0.2	2.2
Finance, procurement and logistics		1.2	0.6	1.8
Subtotal implementation partner	2.6	2.8	1.0	6.4
<i>Training and rollout:</i>				
Project team training	0.1	0.1	0.1	0.3

<i>(In millions of euros)</i>	<i>2010/2011</i>	<i>2012</i>	<i>2013</i>	<i>Total</i>
Field Office training	0.1	0.1		0.2
Staff training	0.2	0.2	0.1	0.5
Subtotal training and rollout	0.4	0.4	0.2	1.0
<i>Software:</i>				
ERP licenses	1.5	0.5	0.2	2.2
Maintenance	0.3	0.3	0.3	0.9
Subtotal software	1.8	0.8	0.5	3.1
<i>Hardware:</i>				
Hardware/Infrastructure	0.3	0.2	0.1	0.6
Subtotal ERP costs	5.1	4.2	1.8	11.1
B. Other costs:				
BPR and Risk Management experts	0.2	0.1		0.3
Staff replacement costs	0.2	0.1		0.3
Technical experts	0.5	0.3	0.3	1.1
Field Office rollout		0.1	0.1	0.2
Subtotal other costs	0.9	0.6	0.4	1.9
Estimated total costs	6.0	4.8	2.2	13.0
C. Funding requirements:				
Funds available	5.3			5.3
Funding shortfall	0.7	4.8	2.2	7.7

A. ERP costs

28. Implementation partner (€6.4 million): This covers the consultancy services for the ERP integration for all functional areas: core business (technical cooperation project management) and knowledge management; HRM and payroll; finance, procurement and logistics. The implementation partner will be responsible for carrying out the following main tasks:

- (a) Act as an integrator between UNIDO requirements and ERP system capabilities;
- (b) Guide the Organization through all stages of the ERP system implementation;
- (c) Provide a framework and services such as training, business process modelling, interfaces and gap analysis between the existing systems and the ERP system;
- (d) Design the architecture of the business blueprint, pilot and test the functional areas and their interlinkages;
- (e) Make necessary configurations to the ERP system to ensure it meets UNIDO requirements;
- (f) Assist the Organization in realizing the benefits of the new ERP system;
- (g) Support UNIDO during the implementation, testing and post-implementation stages.

29. Training and rollout (€1.0 million): This is required for training the UNIDO ERP project team and all relevant staff on the new processes and procedures both at Headquarters and field offices.

30. ERP system/software (€3.1 million): This is required for the purchase of the ERP application licenses of the selected solution, and the related system licenses, such as database and operating systems. The maintenance cost is required for the upkeep of the ERP system.

31. Hardware/infrastructure (€0.6 million): This is needed for new servers to support the ERP system and infrastructure.

B. Other costs

32. The other costs (€1.9 million), which are an integral part of the implementation of the ERP system, include the following elements:

(a) BPR and risk management (€0.3 million): This amount includes €0.2 million for the recruitment of experts for the BPR exercise which was carried out during mid-2010. An amount of €0.1 million is needed for embedding enterprise risk management (ERM) in the new ERP system;

(b) Staff replacement (€0.3 million): This amount is needed for the engagement of staff on a temporary basis for about 62 work months to replace regular staff who will work with the implementation partner on a full-time basis during various stages of the ERP implementation and act as change agents during the process;

(c) Technical experts (€1.1 million): This amount is required for the recruitment of technical experts with specialized competencies in overseeing implementation of major ERP systems to ensure quality implementation and facilitate decision-making on complex technical issues. Additional technical experts will be needed to guide the Organization in taking forward knowledge management, and introducing cultural changes along with the implementation of the ERP system;

(d) Field office rollout (€0.2 million): This amount is needed to rollout the new system in regional and field offices during the ERP implementation by the UNIDO ERP system team.

C. Funding requirements

33. The funding shortfall amounts to €7.7 million, as follows:

- | | |
|----------------|--------------|
| (a) 2010/2011: | €0.7 million |
| (b) 2012: | €4.8 million |
| (c) 2013: | €2.2 million |

D. Developments since the General Conference decision (GC.13/Dec.15) leading to the current funding requirements

34. At the General Conference in December 2009, four possible change scenarios for UNIDO were presented in the feasibility study on a comprehensive change management initiative, ranging from remaining with the status quo to a fundamental rebuild (document GC.13/8/Add.1 refers). The feasibility study recommended that only scenario III and scenario IV would enable UNIDO to meet the pressing challenges that the Organization is facing. Scenario III (total costs: €9.1 million) would enable UNIDO to achieve required capacity and compliance with external requirements, integrating new processes and systems while keeping the current financial system. Scenario IV (total costs: €20.5 million) was presented as the most technically viable and comprehensive solution that would allow custom adaptation of chosen new system to exactly match the circumstances and requirements of UNIDO in one integrated ERP package, including a finance system albeit at higher costs and in a longer time frame.

35. The General Conference in its decision GC.13/Dec.15, “took note of the feasibility study on a comprehensive change management initiative contained in the report by the Director-General which, inter alia, highlights the unique challenges being faced by the Organization in terms of potential implications on future funding for technical cooperation activities, institutionalization of results-based management, effective utilization of field resources, contributing to United Nations system-wide coherence and the serious risk of breakdowns of outdated systems (GC.13/8/Add.1)”.

36. The Conference further requested the Director-General to implement the present decision in consultation with Member States and in accordance with the recommendations contained in the feasibility study (document GC.13/8/Add.1) by selecting the most suitable and sustainable technical solution and approved that from the amount of unutilized balances of appropriations due to Member States in 2010 remaining on 31 December 2009, up to €9,113,949, as well as any budgetary savings from the Major Programmes other than C, D, E and F that might become available during the implementation period, shall be utilized for financing the change management initiative.

37. As requested by the General Conference decision, UNIDO sought the most suitable and sustainable technical solution, through international competitive bidding. The cost elements of implementing the resulting solution are presented in table 1 above on external cost elements/budget. This solution can be seen as a Scenario III+ “Integrated ERP solution”, which will allow UNIDO to fully meet its future demands, as stipulated in section III of this document.

38. The BPR exercise for the core business and the selection process of an ERP system both clearly showed that only implementing a fully integrated solution based on one platform can fulfil the Organization’s long-term requirements and achieve the PCOR benefits. The total cost of €13.0 million for the integrated delivery of the entire ERP system for all functional areas, including ERM, RBM and knowledge sharing, is therefore based on the most suitable and sustainable technical solution.

39. The major reasons for the additional requirement of €3.9 (€13.0 million-€9.1 million) are listed in table 2 below:

Table 2

Breakdown of additional requirements (in millions of euros)

Scenarios	III Holistic change	III+ Integrated ERP solution	Additional requirements from Scenario III to III+	IV Fundamental rebuild
Total external costs	9.1	13.0	3.9	20.5
Software and hardware	2.5	3.7 <i>Software 3.1 + Hardware 0.6</i>	1.2 Includes finance, logistics and reporting (0.3), and three-year maintenance (0.9)	4.0
Implementation partner: including CM and BPR experts	5.0 <i>Implementation partner 3.5 + CM and BPR experts 1.5</i>	6.7 <i>Implementation partner 6.4 + BPR and ERM experts 0.3</i>	1.7 Effort for implementing finance, logistics and reporting modules	11.0 <i>Implementation partner 7.0 + CM and BPR experts 4.0</i>
Training	0.3	1.0	0.7 Includes all staff training (Headquarters and field)	1.0
Replacement costs of staff	0.5	0.3	-0.2 Internal team effort less than anticipated	2.0
Project control: including technical experts and rollout	0.8	1.3 <i>Technical experts 1.1 + Field rollout 0.2</i>	0.5 Includes global rollout (0.2) and cultural expert (0.3)	2.5

VI. Funding requirements

40. As indicated in table 1 on external cost elements/budget, the total cost of the implementation of the PCOR/change management initiative amounts to €13.0 million. Pursuant to General Conference decision GC.13/Dec.15, the Organization received a total contribution of €5.3 million. Therefore, there is a funding shortfall of €7.7 million (€13.0 million-€5.3 million) for the implementation of the integrated ERP system during the period 2010 to 2013, as follows:

- (a) 2010/2011: €0.7 million

(b) 2012: €4.8 million

(c) 2013: €2.2 million

41. On 17 November 2010, a briefing was held for Member States on the latest developments regarding PCOR, in particular the procurement process for the selection of an ERP system. On this occasion, a number of funding options were discussed.

42. Based on the feedback received during the meeting and subsequent consultations, the Secretariat identified an alternative funding solution, as follows:

#	Source	Amount	Explanation
1	Funds already collected	€5.3 million	Pursuant to decision GC.13/Dec.15 and as outlined in Information note No. 3 dated 18 February 2010
2	Voluntary contribution	€0.5 million	Provided by a Member State for strengthening the UNIDO fiduciary standards to meet GEF requirements
3	Budgetary savings during the implementation	€1.7 million	Reference to GC.13/Dec.15; including potential budgetary savings from all Major Programmes except resources for the Regular Programme for Technical Cooperation (RPTC) and Special Resources for Africa (SRA)
4	Reserve for exchange rate fluctuations*	€5.5 million	Reserve established to protect the Organization from exchange rate fluctuations resulting from the introduction of the euro as a single currency (decisions GC.8/Dec.16, para. (d), and GC.13/Dec.14, para. (e), as contained in the Annex). Currently, there is a balance of €11 million in this reserve due to favourable exchange rate movements in the last four bienniums. Reducing the balance by €5.5 million is not expected to expose the Organization to undue risk through future exchange rate fluctuations.
TOTAL		€13.0 million	

* Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2006 to 31 December 2007 (IDB.35/3-PBC.24/3) dated 2 July 2008 — Annex V: Notes to the financial statements, 3.13 Other reserves (iii) Reserve for exchange rate fluctuations.
 Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2008 to 31 December 2009 (IDB.38/3-PBC.26/3) dated 17 June 2010 — Annex V: Notes to the financial statements, 3.13 Other reserves (iii) Reserve for exchange rate fluctuations.

VII. Way forward

43. The implementation of the ERP system with the assistance of the implementation partner is expected to start in December 2010. As indicated in the table below, the implementation of ERP system will take place in four releases:

Releases	ERP Software Module(s)	Specific Capabilities	Time frame
Release 1 Core business (TC projects) and knowledge management	Project and resource management, project accounting, portfolio management ...	One integrated system for managing substantive and financial project information, enabling RBM and ERM via a single ERP system.	December 2010 to June 2011
Release 2 Human resources management and payroll	Recruitment, payroll, performance management, human capital management ...	Integrated solution for the whole human resource management, both for staff and consultants. Replacing the mainframe system.	December 2010 to December 2011
Release 3 Finance	General ledger, budgeting, payables and receivables, treasury, grants/funds accounting ...	Enable full process integration with all other functional areas while supporting business intelligence.	October 2011 to January 2013
Release 3 Procurement and logistics	Procurement, supplier, asset, inventory and travel management ...	Allow decentralized requests with consolidated e-procurement and supplier life-cycle and asset management.	October 2011 to January 2013
Release 4 Knowledge management and collaboration	Content management, collaboration suite, web-based reporting ...	One readily accessible source to capture, store and share information and facilitate global collaboration. This will be implemented in parallel with the implementation of releases 1 to 3.	December 2010 to January 2013

44. The people and culture element of PCOR will continue to be addressed during the implementation of the ERP system. A senior management retreat to reflect upon PCOR and the action plan is scheduled for February 2011.

VIII. Action required of the Board

45. Taking into account Programme and Budget conclusion 2010/3, the Board may wish to consider the adoption of the following draft decision:

“The Industrial Development Board:

(a) “Takes note of the information provided in documents IDB.38/9, Add.1 and Add.2, including the plan to start the enterprise resource planning system implementation in December 2010, and recalls the Programme and Budget Committee conclusion 2010/3;

(b) “Notes the progress achieved to implement General Conference decision GC.13/Dec.15;

(c) “Expresses its appreciation to those Member States that have surrendered their shares of unutilized balances of appropriations in accordance with General Conference decision GC.13/Dec.15, paragraph (h), and to those that contributed voluntarily to the Programme for Change and Organizational Renewal, which secured a total amount of €5.3 million;

(d) “Also recalls General Conference decision GC.13/Dec.15, paragraph (i), and authorizes the utilization of budgetary savings from all Major Programmes except resources for the Regular Programme for Technical Cooperation (RPTC) and Special Resources for Africa (SRA) during the implementation period;

(e) “Further recalls General Conference decision GC.13/Dec.14, paragraph (e), and authorizes the withdrawal of €5.5 million from the reserve for exchange rate fluctuations for the financing of the Programme for Change and Organizational Renewal.”

Annex

GC.8/Dec.16 IMPLICATIONS OF THE EURO FOR UNIDO

The General Conference:

(a) Decided to adopt, beginning with the fiscal period 2002-2003, a single currency system of assessment based on the euro for contributions to the regular budget;

(b) Also decided to amend the concomitant Financial Regulations of UNIDO relating to the preparation of budgets, appropriation and assessment collection of contributions and advances, and currency of accounts, as stated in paragraph 34 of document GC.8/15-IDB.21/30;

(c) Authorized the Director-General to introduce necessary changes to the schedule 1 and annexes to the Staff Regulations of UNIDO, as stated in paragraph 35 of document GC.8/15-IDB.21/30;

(d) Also authorized the Director-General to establish a reserve, not subject to the provisions of Financial Regulations 4.2 (b) and 4.2 (c), for the purpose of protecting the Organization from exchange rate fluctuations;

(e) Requested the Director-General to report to the General Conference, at its tenth regular session, on the implementation of the transition to the single-currency system.

*9th plenary meeting
3 December 1999*

GC.13/Dec.14 PROGRAMME AND BUDGETS, 2010-2011

The General Conference:

(a) Took note of decision IDB.36/Dec.11 of the Industrial Development Board;

(b) Also took note of the programme and budget proposals for the biennium 2010-2011 as contained in document IDB.36/7;

(c) Approved estimates of regular budget gross expenditures of €161,819,688 to be financed from assessed contributions in the amount of €156,609,188 and other income of €5,210,500;

(d) Also approved estimates of gross expenditures totalling €22,806,877 for the purpose of the operational budget for the biennium 2010-2011 to be financed from voluntary contributions in the amount of €22,187,677 and other income amounting to €619,200 as may be provided for in the financial regulations;

(e) Further approved the partial utilization of the accumulated balance of the reserve for exchange rate fluctuations to finance any shortfall in the income estimates in order to fully implement the programmes as described in document IDB.36/7.

*8th plenary meeting
11 December 2009*